CHAPTER - II

COOPERATIVE FARMING
RETROSPECT AND PROSPECTS

In the previous chapter it was concluded that agriculture in India suffers from a large number of handicaps. The structure of Uttar Pradesh's agricultural economy is particularly laden with disincentives and is inimical to capital formation. Uttar Pradesh must revitalise her agriculture not only to be self-sufficient in food-grains but also to develop her industries by supplying raw material in large quantities. It is in this context that the present chapter attempts to analyse the progress and prospects of cooperative farming which provides an organisation to farmers for their self development. As the study of the principles of cooperation, however briefly, is important for a better understanding of the concept of cooperation in the field of farming, therefore, the traditional form of cooperation in farming and new concepts which have emerged out of it have also been discussed before examining the development of cooperative farming in India.
MEANING AND DEFINITION OF COOPERATION

Literally cooperation means working together. To be more appropriate, we may define cooperation as acting together to accomplish the common goal through cooperative principles. Likewise, a cooperative society may be defined as an organisation of individuals, commonly, labourers or persons of small means, formed for running in common of a business, the profits being shared in accordance with the amount of labour or capital contributed by each.

Cooperation has been defined in a number of ways from time to time. For a proper understanding of the meaning of cooperation, some of the definitions given in various laws of different countries are given below:

By the Japanese Law of 1921 a Cooperative Society is an association having legal existence, formed by persons of modest means in

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1 The basic rules of cooperative institutions date back farther than any legislation on cooperation. In Great Britain there is evidence that as early as 1769 the workers of Woolwich and Chatham possessed their own flour mill, but it was not until 92 years later, in 1852, that the law established the right of collective ownership and granted the cooperative societies corporate personality (which the 300-odd cooperatives already in existence by 1850 did not possess).

In 1867 the cooperatives were granted legal status in Germany and then in France, while 1873 saw the promulgation of the Austrian law on cooperation.

However, in the non-European countries where cooperation is of more recent date the movement has nearly always begun to develop only with the promulgation of adequate legislation.
order to promote and develop, according to the principles of mutuality the exercise by the members of their occupations and the improvement of their economic conditions.

The British Columbia Agricultural Association Act (1911) provides that an association shall be deemed to be formed upon the cooperative system if provision is made by its constitution and byelaw for securing to all producers, who are members of the association, a share in the profits of the association in proportion to the value of the produce supplied by them, after payment of a dividend upon the capital stock and exceeding six per cent per annum. Provision shall be made for enabling all producers in the district to become members of the association by limiting the number of shares to be held by any single member, or by other effective regulations.

The Rumanian Code proposes to define cooperative societies as associations with a variable amount of capital with no limit to the number of members, who may join or leave them at any date. Their object is to carry on joint work on a definite plan, with a view to furthering the economic and social interest of their members.

The Swiss definition is: A Cooperative Society is one constituted by a varying number of persons organised corporately which aims principally at contributing towards the economic prosperity of its members by joint action. The formation of cooperative societies with capital fixed in advance is prohibited.
Under the Belgian Code, "a cooperative society is one which is composed of members whose number and holdings are variable and whose shares are non-transferable to third parties."

The definition of a cooperative society in German Law emphasised: (a) an open membership, (b) furtherance of the commercial interests of members by means of a common business undertaking.

The Austrian Act refers to associations with an unlimited number of members, the object of which is the promotion of the industry or trade of their members by means of common action or credit.

In U.S.S.R. a cooperative has been defined as "a voluntary association chiefly of the working people, set up for the purpose of improving the living conditions of its members-shareholders, who on equal footing participate in the management of enterprises they established."

The Indian Act suggests (Section 4) that a cooperative society is a society which has as its objects the promotion of the economic interests of its members in accordance with cooperative principles. But it leaves to the Registrar the decision as to what cooperative principles are.

Eminent thinkers on cooperation have defined cooperation as follows:

1 Fundamentals of Theory and History of Consumers' Cooperation (translated from Russia language), Moscow Cooperative Institute, Moscow, 1965, p. 1.
Dr. Fay\(^1\) from the socio-economic standpoint defines a cooperative society as an association for the purpose of joint trading originating among the weak and conducted always in an unselfish spirit, on such terms that all who are prepared to assume the duties of membership may share in its rewards in proportion to the degree in which they make use of their association. Mr. Herrick\(^2\) says, cooperation is the act of persons voluntarily united, of utilising reciprocally their own forces, resources, or both, under their mutual management to their common profit or loss. Calvert says that "cooperation is a form of organisation wherein persons voluntarily associate together as human beings, on a basis of equality for the promotion of the economic interests of themselves. Sir Horace Plunkett's definition of cooperation is "self help made effective by organisation."

George Jacob Holyoake,\(^3\) the famous historian of English cooperation, describes cooperation both positively and negatively in the following terms:

"Cooperation touches no man's fortune; seeks no plunder; causes no disturbance in society; gives no trouble to statesman; it enters into no secret associations; it needs no trade unions to protect its interest; it contemplates no violence; it subverts no order; it

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2 Rural Credit, p. 247.
3 Talmaki, S.S., Cooperation in India and Abroad, 1931, pp. 18, 19.
envies no dignity; it accepts no gift, nor asks any favour; it keeps no terms with the idle, and it will break no faith with the industrious.

"Capitalists hired labour, paid its market price, and took all the profits. Cooperative labour proposes to hire capital, pay its market price and itself take all the profits. It is more reasonable and better for society and progress that men own capital than that capital should own men.

"The leading aim of cooperation is not merely to increase present comfort (albeit not a disagreeable thing to do), it seeks also to ensure competence. Those who do not provide for the further of themselves and families - as far as they can or as far as they ought - are not merely dependent, they are mean, since they leave to chance, or the charity of others, to provide for them when the evil day comes.

"Cooperators have made money by their methods of businesses; they have won honours by being the first of the working class who cared for education as a higher form of property."

From the above discussion it may be concluded that cooperation has been defined in different ways to suit the individual requirements of country. However, the above definitions indicate the basic principles of cooperation essential for the movement. They are enumerated as below:

PRINCIPLES OF COOPERATION

1. Voluntary Association - cooperative organisation - is essentially a voluntary association and there is no compulsion on anybody to join a cooperative society or, one having joined, to continue as such. The members are also free to take advantage of the services of the society to the extent considered necessary by them.

NOTE: In U.S.S.R. the basic principles of cooperation are:

1. Each cooperative is aimed at meeting some and at improving their living conditions.
2. Admission to and resignation from cooperative is voluntary.
3. Cooperative members make material contribution to the cooperative means.
4. Cooperative members bear material responsibility for the activities of their cooperative.
5. Management of cooperatives is exercised on democratic principles.
6. Besides satisfying various material requirements, cooperatives take care of the improvement of the cultural level of their members.

The regulations of International Cooperative Alliance (ICA) provide that only those cooperative organisations which recognise the principles of Rochdale pioneers can secure membership of ICA. As a matter of fact the Rochdale pioneer have not left any document prescribing for the principles of cooperation. The cooperative principles were worded by Holyoke, the great historian of England on Cooperation, as the principles of Rochdale pioneer. No doubt, these principles form the corner stone but for all time they cannot stand valid without additions or modifications. The matter was discussed in the 14th Congress of ICA. Later on the 15th Congress of ICA held in 1937 approved four obligatory and three non-obligatory principles of cooperation. Again the matter was taken up during the 22nd Congress held at Bourne mouth in 1963. The Congress recommended for drafting the principles and a Commission of five members approved by the Central Committee was appointed for the purpose with Prof. Karve (India), as Chairman. The Commission recommended the following:

(Contd.)
Voluntarism is thus considered to be a cardinal principle of cooperation and is based on the phenomenon of human behaviour.

(CONTD. FROM PAGE 71)

I. Principles of cooperative movement must not be divided into obligatory and non-obligatory.

II. The following principles which were formerly included into ICA regulations must not be included into the new regulations:

   i) Political and religious neutrality as this cannot be the principle of a movement of international character.
   
   ii) Trading for cash – because a number of organisations can provide credit facilities to their members.

   iii) To admit six obligatory principles of International Cooperative Movement as given below:

       a) Voluntary membership.
       b) Democratic management.
       c) Limited interest on shares.
       d) Distribution of profit in the following ways:

           i. Deductions for the expansion of cooperative activity.
           
           ii. Deduction for the general needs of members.
           
           iii. Distribution of profit among members in proportion to their participation in the society.

       e) Cooperative education of members, non-members and other personnel.

And the sixth principle which was not earlier given in the ICA regulations was added which runs as follows:

f) All cooperative organisations must by all practical means activity cooperative with other cooperatives at local, national and international level in order to serve the interest of their members.

In short the recommendations of the Commission fulfil the long awaited desire of the communist block to secure majority votes in the ICA through membership of new countries who have been refused membership earlier. It will create conditions in which communist party can play a favourable game in the developing countries who have won their freedom after a long struggle against imperialism.
The principle is, however, undergoing change and is substituted by a small measure of compulsion to iron out the stubbornness of a negligible minority who are a hindrance to speedy results. Also, in countries which resort to planning, this principle is being modified in practice because it is felt that it hampers the growth of planning. It is no wonder that in the socialistic countries a degree of compulsion is a must to make the movement a success.

2. Democratic Management: Another important principle of cooperation is that the administration of cooperative societies is to be carried on democratically. The supreme authority in a cooperative society in its general body of members who may, remaining within the Act, Rules and Bylaws take suitable decisions for governing the affairs of the society. Each member present in the general meeting is given only one vote irrespective of the number of shares held by him. The managing committees also carry on day to day administration under the powers derived by them from the general body.

In this principle, we find an important deviation from the concept of joint-stock company. Whereas in a cooperative society the administration is carried on by the general body of members on the basis of one man one vote, the administration of a joint-stock company is in the hands of professional managers who are controlled by the Board of directors.
3. Self-help and Mutual-help: Cooperation implies an enterprise of those who are financially weak and cannot derive material advantage which the rich people, with all their resources and connections can. In order to convert their weakness into strength, the members pool their resources and work together for mutual benefit. Mutual aid is the ultimate benefit which will come out of the collective efforts, will be shared by all the participants in the venture. This principle, therefore, envisages that the members should try to draw advantage out of the great pool created by the common efforts of all concerned.

4. No Profit Motive: Joint-stock companies are formed for earning profits for the share-holders. A cooperative society, on the other hand is organised not to earn profits but to enable the members to improve their economic condition through self and mutual help. A credit society, for example, is formed not to earn profits out of its money-lending business but to enable members to raise their resources and earn more by the productive investment of the loans obtained. Similarly, a cooperative store is organised to provide the necessities of life to members at reasonable price.

This, however, does not mean that these societies are not earning profit or refuse to earn a profit. An efficiently managed society must earn profit. The profit, however, is meant to meet unforeseen losses, if any, at a later stage. They are also utilised
to strengthen the funds of the society, so that it may be able to render better and cheaper service to members in the shape of dividend or bonus. Hence the earning of profit should not be denied which is the result of efficient management, but the profit motive to exploit the weakness of members should be discarded.

5. Open Door Policy: The doors of society which happens to acquire a flourishing business are not shut to new comers. Similarly persons of all castes, sexes, religions and political parties are allowed entry. The members must possess the necessary qualifications prescribed for them, e.g., the member must be of sound mind, must have attained majority etc.

In some types of societies, restrictions have been placed on the entry of certain undesirable or competing elements. For example, in labour societies the contractors are not allowed to become members and in credit societies money-lenders cannot gain entry.

6. Publicity: The principle of publicity is as important as any other. A cooperative society is a voluntary organisation and members cannot be kept together by compulsion. Publicity of cooperative principles is the only alternative. Cooperation is meant for the poor, illiterate people who know very little of the complicated principles and practices of cooperation. In order to secure their intelligent participation in the working of societies, it is necessary that a
continuous system of education be evolved and members be kept informed of the decisions and activities of the society. Cooperative societies, therefore, spend sufficient money on education of members and office-bearers. At places, the societies have started education funds to which contribution is made every year out of profits. Stress is also placed on frequent general meetings and the presence of a maximum number of members therein, so that they may be able to participate in the discussions and keep their information up-to-date. Proxies are disallowed in these meetings for the same reasons. These are healthy measures for popularising the movement.

7. Neutrality: Another cooperative principle is that the cooperative movement should remain above party politics as well as religion. Cooperation is an international movement and its object is the economic and social uplift of human beings. It cannot, therefore, deny its advantages to some persons simply because they belong to a certain class or order.

This principle also has been worked out on the basis of experience which shows that alignment with a political or religious party is never free from danger, in so far, as the achievement of objectives of the movement is concerned. Cooperators should, therefore, keep away from political and religious influence. Neutrality should be observed not only in politics and religion but in business also. It is on the basis of this principle that the cooperative movement
has flourished in democratic countries. Indian cooperative movement has not purged politics from its folds. It is not running strictly on the principle of neutrality and business organisation.

8. Equality: The principle of equality, which is often hailed as a hallmark of democracy, is best applicable to cooperative society. Within the society relationship between the members is governed by the rule of equality. Every member, of whatever social and financial status he may be and irrespective of the extent of share capital contributed by him, has equal rights in the association. There is no discrimination on the basis of class, colour, sex, race or creed. Every member has got an equally forceful voice in the affairs and has got only one vote in the meeting. As a member, everyone has got an equal opportunity to take advantage of the services rendered by the society. Profits are also divided among the members in proportion to their dealings with the society. Similarly, the ban on discussions of political and religious nature within the society or on carrying on business in competition with the society is equally imposed on all the members.

Dr. Leo Berube of the Canadian Council of cooperation has ably summed up the principles on which a cooperative institution should be based: "freedom of association and of enterprise, fruitfulness of self-help and joint action in the economic field; priority of man over money in the economic field; service instead of profit as economic
motive; importance of putting back authority over economic activities in the hands of those who have the economic needs; necessity of continuous effort in improving man's knowledge and behaviour as a condition of bettering institutions."

If we X-ray our cooperative movement in the light of the above principles we would come to the conclusion that much improvement is desired for the development of cooperative movement. To make it a living movement cooperation should be made a moral, social as well as economic movement. The history of the movement, as discussed below, indicates the pace of social and economic progress through cooperation.

HISTORICAL GROWTH

Cooperation has not an accidental birth. Although the circumstances differ but every country has an economic history behind the development of this event.

In most of the countries with western civilisations cooperative institutions arose as spontaneous and unaided reactions of varying degrees of complexity. But this was not so everywhere, even in Europe. In England Rochdale Pioneers made a successful attempt of organising cooperative stores on the principle of political neutrality but later on it gave birth to a political party.

1 Bedi, R.D., Theory, History and Practice of Cooperation, Meerut, 1965.
In Germany through the initiative, the perseverance and inventiveness of a mayor in the Rhineland, Raiffeisen, the most widespread type of cooperative, the rural thrift and credit cooperatives, was created after repeated trial and error. But in Bulgaria the cooperative movement was launched by government agencies, partly based on or in the tradition of the ancient Mohammedan institution of the corn granary. In Finland, where one of the most sturdy and efficient cooperative movement has grown up, the initiative came from a group of intellectuals; in Hungary it came from a paternalistic aristocracy. It is, however, important to record that in these countries the cooperative institution found its final form and its vitality only when the initial impulse discarded its paternalistic features and began to express the forces at the root of the people's consciousness.

In Asia, Africa and particularly in the countries which belong or belonged to the British Commonwealth, specialised governmental departments took over the task of promoting and guiding the cooperative movement until it could stand on its own feet. India has not been an exception to it which is evident from the following discussion:

INDIA

Long before the official inauguration of the Cooperative Movement in India, there existed a number of associations, though not strictly speaking cooperative societies in the modern terminology which served the purpose of satisfying the financial needs of the members in
accordance with a mutual arrangement. Chit Funds and Nidhis are some such associations.

Cooperation in the socio-economic activities of the people of ancient India took four principle forms: KULA, GRAMA, SRENI and JATI. Moreover, the concept of BAITULMAL and its development in India during Muslim Period can also be treated as an example for 'Cooperation'.

The cooperative societies with their characteristic features are comparatively of a recent origin. One of the pioneer societies that came into existence in northern India was in Hoshiarpur (Punjab) in the year 1892. Three more in Multan and two in Mianwali in Punjab sprang up in 1898 and 1900 respectively. In 1901 cooperative societies were started in Uttar Pradesh on an experimental basis by Mr. Dupernex.

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1 KULA was a group of kinsmen, friends and relatives. This later on became more or less political in nature. The aspects of economic and social cooperation gradually narrowed to the limits of the Joint Family.

GRAMA was undertaking many activities. But it was also a cooperative organisation because it undertook works for the economic and social progress of the village.

SRENI. It belongs to post-Vedic period. It worked as a guild of merchants, artisans, bankers. The Arthashastra of Kautilya defines SRENI as a guild of workmen and artisans. The MAHABHARATA uses the term in the sense of guild of merchants. It was a sort of cooperative organisation of artisans and merchants.

JATI. It was based on caste. Although the term is of uncertain origin, but it was an organisation working for the economic uplift of its members which represented one caste.

For details see: Traditional Forms of Cooperation: Indian Cooperative Union, New Delhi, 1962.

BAITULMAL - A common fund created by Islamic Law for the benefit of the common man.
The first Cooperative Societies Act (X) was passed as late as 1904. With the passing of this Act a number of societies came into existence, and within two years (1906-7) the number of societies rose to 843. Their working capital was 23.71 lakhs in 1906-7 with a membership of 90.8 thousands. In brief the movement outgrew the expectations of its promoters and the Act was found inadequate to cover various non-credit activities. For example, there was no provision in the Act for the formation of Federations or central societies for supervision, control and finance. The basis of classification of the societies into rural and urban was arbitrary. To remedy these and other minor defects, the government of India re-examined the whole position and passed the Cooperative Societies Act of 1912.

The Cooperative Societies Act II of 1912 was drafted with the intention of removing the deficiencies of the old Act, while retaining its main features, viz., simplicity, clarity and elasticity. The object of the Act as mentioned in the preamble was to give legal protection and facilities for the formation of cooperative societies for promoting thrift and self-help among agriculturists, artisans and persons of limited means. Thus provisions were made for the registration of all types of cooperative societies. It also facilitated the growth of central financing agencies and supervising unions by making provision for their registration. The division of societies into Rural and Urban was removed and substituted by a new division in accordance with the form of liability adopted. The primary agricultural credit
societies were to be registered with unlimited liability while central societies with limited liability. The provincial governments were given wide powers regarding the working of societies, settlement of disputes by arbitration and altering by-laws of the societies in connection with the distribution of dividend etc. The use of the word 'Cooperative', was prohibited under the Act to any business concern except a society registered under this Act. A number of minor improvements were also made in audit and registration, etc.

The immediate effect of the Act was to infuse fresh energy into the movement. New types of societies like cattle insurance, sale of produce, the purchase of manure and retailing of farmer's implements and common necessaries sprang up with increased capital and membership. The Government was keenly watching the progress of the movement. To examine whether the movement was developing on sound lines and to suggest measures for further improvement the Government appointed Macilagan Committee in 1914. The Committee classified societies as: (a) primary societies, (b) union, (c) central banks and (d) provincial banks, and made recommendations regarding their constitution, financial arrangement, audit and supervision which were adopted by cooperative department in all the provinces.

Under the Government of Indian Act of 1919 (Montague-Chelmsford Reforms), Cooperation was transferred to the provincial governments and since then it has been patronised by the provincial (now State) Governments.
The first Provincial Cooperative Societies Act was passed in 1925 in the Bombay Presidency followed by Madras, Bihar and others. Various steps were taken by the provincial governments to strengthen the movement. As a result of it the number of societies increased from 28,000 in 1919 - 94,000 in 1929-30.

The post-war boom and rising prices improved the condition of cooperative societies during the decade ending 1929-30. But the great depression of the thirties gave a big jolt to cooperative activity, and stalled further progress of the movement. To rehabilitate the movement several provinces appointed Committees of Enquiry.

From 1935-1939, there were three main developments in the field of cooperation. In 1935, the Reserve Bank of India was established and its Agricultural Credit Department was charged with the duty of studying various problems relating to agricultural credit. In 1936, the need for the development of long-term credit through Cooperative Land Mortgage Bank was stressed and the concept of primary societies being organised as multi-purpose cooperatives came to be increasingly accepted.

During 1939-45 the cooperative movement began to pay greater attention to production and distribution. Many credit, purchase and sale societies began dealing in scarce commodities in addition to transacting usual business. A number of cooperative stores, milk supply, cane growers, fruit and vegetable growers, weavers and other industries
NUMBER OF DIFFERENT TYPES OF AGRICULTURAL CO-OPERATIVE CREDIT AND NON CREDIT SOCIETIES/INSTITUTIONS WORKING IN INDIAN UNION

**AGRICULTURAL CREDIT**

2,10,725 (2,19,638)

1. **SHORT AND MEDIUM TERM CREDIT**
   - **STATE CO-OPERATIVE BANKS**
     - 22 (21)
   - **DIST. CENTRAL CO-OPERATIVE BANKS**
     - 8 BANKING UNIONS
       - (INCLUDING 29 INDUSTRIAL CO-OPERATIVE BANKS)
     - 389 (387)
   - **PRIMARY CREDIT SOCIETIES**
     - 2,09,653 (2,10,629)

2. **CREDIT SOCIETIES**
   - GRAIN GOKAS
     - 2,01,046
     - (2,09,622)
     - (9,007)
   - 8,607

3. **LONG-TERM CREDIT**
   - **CENTRAL LAND MORTGAGE BANKS**
     - 18 (16)
   - **PRIMARY LAND MORTGAGE BANKS**
     - (INCLUDING LAND MORTGAGE BANKING SECTIONS OF CENTRAL CO-OPERATIVE BANKS)
     - (563)
   - **389 (583)**

4. **AGRICULTURAL NON-CREDIT**
   - 45,148 (51,129)

**I. AGRICULTURAL MARKETING SOCIETIES**
   - 3,419 (3,347)

**SINGLE COMMODITY AND SPECIALISED MARKETING SOCIETIES**

- **a. COTTON**
  - State 2
  - Central 162
  - Primary 3,235

- **b. FRUITS AND VEGETABLES**
  - State 1
  - Central 3
  - Primary 227

- **c. ARECANUT**
  - State 1
  - Central 24
  - Primary 17

- **d. TOBACCO**
  - State 1
  - Central 1
  - Primary 62

- **e. COCONUT**
  - State 2
  - Central 72
  - Primary 9,282

**2. SUGARCANE SUPPLY SOCIETIES**
   - 9,356 (9,340)

**J. FISHERIES**
   - 3,205 (2,933)

**3. ANIMAL HUSBANDRY SOCIETIES**

- **a. MILK SUPPLY**
  - Unions 133
  - Societies 7,264

- **b. GHEE**
  - Unions 7
  - Societies 177

- **c. EGG AND POULTRY**
  - Unions 6
  - Societies 942

- **d. OTHER LIVESTOCK PRODUCTS**
  - Unions 4
  - Societies 792

**5. IRRIGATION SOCIETIES**
   - 1,471 (1,499)

**6. FARMING SOCIETIES**
   - Joint 4,092
   - Collective 2,002

**7. OTHER AGRICULTURAL SOCIETIES**
   - 9,615 (9,969)

**8. SUGAR FACTORIES**
   - 70 (68)

**9. OTHER AGRICULTURAL PROCESSING SOCIETIES**
   - State 6
   - Central 1
   - Primary 163

**10. COTTON GINNING AND PRESSING SOCIETIES**
   - 155 (151)

N.B. Figures in bracket indicate the position as at the end of 1963-64

*Includes societies which have now been classified as other industrial societies
were developed during this period. Later on the Cooperative Planning Committee (1945) submitted its comprehensive report recommending for more financial help to the movement and introduction of cooperative farming.

Since the attainment of independence and acceptance of the socialist pattern of society as our goal the need for accelerating the pace of cooperative movement in the field of farming and industry was keenly felt. This is understandable. For in an agricultural country like India a self-sustaining State presupposes a strong foundation of agriculture. For this, an increase in agricultural production is vital and must take place at a much more rapid pace than so far. To achieve this aim it is necessary to provide appropriate organisational and administrative machinery for implementing the various programmes like the supply of fertilisers, better seeds, irrigation, better agricultural tools and adequate credit etc. To achieve this end the all-India National Congress (1959) resolved for starting service cooperatives which were organised in India as a first step towards cooperative farming. The basic aim of these societies is to make a base for the rational development of cooperative farming which has a traditional history in India.

It can be concluded from the above analysis that the theory and practice have constantly undergone a change. From the very inception of the movement there was no universality in the theory
and practice of cooperation. They differed from country to country. Cooperative movement is now subject to international politics and forces are working in ICA to redefine the principles of cooperation in the context of its application to the modern world.
PART - II

TRADITIONAL FORM OF COOPERATION IN FARMING

To give an insight into the historical background of cooperative farming the traditional form of cooperation in farming is below. The traditional form of cooperation in farming has a long history in India. In D.A.N district of Bombay and in many other Adivasi areas as well as in the N.E.F.A. the joint cultivation of land has been practised before the passing of the Cooperative Societies Act 1904. Indian farmers are known to cooperate with one another to make good deficiencies in bullocks, implements, seeds, as also to improve irrigation facilities, counteract water logging, weed havoc, wild life nuisance, etc. Temple lands, village common lands were also cultivated jointly. It has been noticed that in Madhya Pradesh and Uttar Pradesh at the time of harvesting, teams of labourers move from Jhansi and Lalitpur districts to Sagar, Bhilasa and other areas. They take up harvesting of a crop in a village and move on to the next and so on. Remuneration is received by them in terms of percentage of the total crop harvested. Each group has a leader who negotiates the terms with the local cultivators and distributes the income among the participants. In Bombay (Nagpur and Vidarbha region) also the agricultural operations such as deep ploughing, removal of weeds or reclamation of patches of waste lands are undertaken by a
group of people usually landless workers, on piece work basis. This is locally known as HUNDA. In Punjab also, a system of joint work at the time of harvesting and weeding operations exists and is known as MANG and AHWAT.

In western parts of Kolhapur district of Bombay State (now part of Gujarat) joint farming has been widely practiced in regard to sugarcane for over 100 years at least. The method is known as PHAD.¹ The participants in a PHAD pool together their resources of land, labour and equipment. All cultivation operations are jointly carried out and after meeting the working expenses, the net amount is divided equally among the members. Data available for 19 villages in this area indicates that out of 2,486 acres under sugarcane, more than 90 per cent was cultivated jointly through PHADS. According to the information received from the Bombay State Cooperative Bank, there were 1,000 PHADS in Kolhapur district. Although most of these PHADS are not registered as cooperative societies, the system is recognised by the trade and the local custom. The leader of PHAD occupies an important position not only in the village but as a representative of a group commands a great deal of influence in trade and commerce.

In certain areas of Anantpur district of Andhra Pradesh, joint cultivation has been practised on traditional lines. The system is known as GONCHI. In Pamidi Firka of Gooty Taluk, 206 acres are

jointly cultivated in several villages. In one of them Pedavadugur
85 holders owning 35 acres, commanded by a government minor irrigation
source, have worked this arrangement for a long time. There are no ridges
to indicate boundaries of fields separately; survey stones of the
boundary area, in some cases, just in the middle of the plot. The
entire area is treated as one unit and is divided into convenient
blocks for ploughing, sowing and irrigation purposes. Each share-holder
contributes his labour and a bullock. There is a leader-in-charge
who is responsible for supervision and has the authority to impose in
case of absence a fine to be realised out of the gross produce. In
another district, Karimnagar, of the same State, in village Alganoon
82 protected tenants have been cultivating 145 acres of land jointly
for the last 40 years.

Hence traditionally we are not averse to cooperative farming.
However, modern thinking on cooperative farming has made it a powerful
weapon for the economic growth of India.

NEW THINKING ON COOPERATIVE FARMING

As stated above cooperative farming is not a new venture in
India. Since long, our social and political leaders have emphasised
the need for cooperative farming in our economy. Mahatma Gandhi has
emphasised its utility in the following words:

"I firmly believe too that we shall not derive the
full benefits of agriculture until we take to
cooporative farming. Does it not stand to reason
that it is far better for a hundred families in a village to cultivate their lands collectively and divide the income therefrom than to divide the land anyhow into a hundred portions? And what applies to land, applies equally to cattle. It is quite another matter that it may be difficult to convert people to adopt this way of life straight away.\(^1\)

Later on in 1944 the Advisory Board of the Imperial Council of Agricultural Research (now Indian Council of Agricultural Research) favoured the idea of extending cooperative activity in the sphere of farming. The Board mentioned it in their memorandum on the development of agriculture and animal husbandry in India.\(^2\)

In the 'Plan of Economic Development' formulated in 1944 by eight leading industrialists, popularly known as the 'Bombay Plan', the subject of cooperative farming also received attention. The Plan\(^3\) said: "Increase in agricultural production presupposes certain fundamental reforms. The most important question to be solved is that of the size of agricultural holdings. The average holding at present is not more than 8 acres scattered over the village in tiny fragments. Although there may be definite limits to the advantages arising out of consolidation of holdings and increase in their size, it is one of the

---


main reforms which would be necessary for the adoption of intensive farming. To bring it about, cooperative farming appears to present lesser difficulties than any other method that may be suggested. It increases the size of the holding for purposes of cultivation without depriving the cultivators of their right to the ownership of their existing holdings. In order that cooperative farming should come into vogue as early as possible, some measure of compulsion appears desirable.

The Cooperative Planning Committee 1945 recommended that for a permanent solution of the problem of increased agricultural production, some farm of large scale cultivation was necessary and suggested cooperative farming as one of the four types (State Farming, corporate farming, collective farming and cooperative farming) of large-scale farming for India. The Committee pointed out four types of cooperative farming societies, namely: (a) Better Farming Society, (b) Tenant Farming Society, (c) Joint Farming Society, and (d) Collective Farming Society.

The recommendations of this Committee made a landmark in the history of cooperation. All the four types of cooperative farming societies came into existence as a result of the recommendation made by this Committee.


2 According to an enquiry carried out by UN Food and Agriculture Organisation in 1951 there was approximately 300 cooperative farms with a total of 35,000 acres in India. Of these 220 are cooperative of joint farming type. The other cooperatives are of the collective (Contd)
owner of the produce which may be sold through the society or in any way liked by him. This type of society replaces the superior landlords and the profits, after meeting all expenses and providing for a reserve fund, are distributed among the tenant members in proportion to the rent paid by each member tenant.

(c) **Cooperative Joint Farming Society**: A cooperative joint farming society pools land of its members whose separate holdings are not large enough to permit an economic farming. Members work on the pooled land in accordance with the direction of an elected committee and the manager appointed by it. They work jointly and each member receives wages for his daily labour. The ownership of each member in his holding continues and is recognized by the payment of a dividend in proportion to the value of his land. The produce which is raised collectively is also disposed of collectively, and the proceeds after meeting all the expenses of cultivation including payment for the use of land, wages and cost of management and providing for a reserve fund are shared by the members in proportion to the wages earned by each. The ordinary functions of this form of society are the planning of a crop programme, the joint purchase of farm requirements and joint sale of farm produce, raising of funds on the security of land, crops and other movable and immovable assets of the society for land improvement, purchase of machinery.

* For details see Byelaws of the Cooperative Farming Societies. (Appendix A)
TYPES OF COOPERATIVE FARMING SOCIETIES

(a) Better Farming Society: The Society is designed to introduce improved methods of farming. Generally the society lays down the plan of cultivation agreeable to all. It may undertake joint purchase of seed, manure, insecticides, pesticides and weedicides. The work of pooling, cleaning, grading and selling of produce as well as joint ploughing, harvesting, joint arrangements for watch and ward, joint use of machinery may also be taken up by the society. One society may undertake one or a number of functions. Each member is, however, independent except for the specific purposes for which he joins the society. The members pay for the services which they receive from the society. Patronage divided are given to members at the end of the year.

(b) Tenant Farming Society: For pursuing farming a society is formed which owns land in freehold or lease held, but its holding is divided into smaller holdings, each of which is a member of the society. The society prepares plan for whole area, but the execution of the plan is left to the discretion of each individual tenant. The society arranges for the supply of farm requirements including costly implements for the members. The tenant pays a fixed rent for his holding. He is

(Continued from page 90)

farming type. Further, there were 460 cooperative farms of the individual type, known as 'better farming societies' and 'tenant farming societies'. The development as the report says, "is encouraged by the State Governments by subsidies and other facilities." (Source: Progress In Land Reforms, United Nations, N.Y.: 1964, p. 247).
and payment of operational expenses, land improvement and all other activities calculated to promote the development of agriculture. A subsidiary agreement is generally made between the society and each member that if any improvement is made on his plot of land he will repay its cost when he ceases to belong to the society.

In 1960 the Government of India has indicated the broad guiding principles in connection with the organisation of cooperative farming societies which may be summarised as follows:

1. **The societies should be organised voluntarily.** There should be no compulsion in any form.

2. **The bulk of the members should be small cultivators or landless persons.**

3. **Membership of cooperative farming societies should be confined to those who are prepared to work on the farm or in its ancillary activities.** Absentee landowners should not ordinarily be admitted as members. Persons who are prevented from participation in farm work on account of physical disability, government service, age, sex, or owning land in more than one village may be admitted although they may not participate in farm work. The absentee landlords taken together as a group, should not exceed 1/4 of the total membership of the society.

4. **Land should be pooled for a minimum period of 5 years.** Withdrawal during this period might be allowed in exceptional circumstances, e.g., a member leaving the village.

5. **Intensive cultivation through labour intensive methods should be the main activity of the farm.** However, ancillary activities like poultry, dairying, cottage and small scale industries should also be promoted. Maximum utilisation of local resources should be stressed.
6. Good working conditions and better human relations should be created to reduce tensions and facilitate working together.

7. Societies organised merely for securing financial assistance should not be helped.

8. The programme of consolidation of holdings should be coordinated with cooperative farming. It will be desirable to start pilot project societies in areas where consolidation work has been completed or where it is in progress. Consolidation of holdings should, however, not be a pre-requisite to the formation of societies.

(d) Collective Farming Society: In collective farming the society holds the land on free-hold or lease-hold basis and also the other means of production. It undertakes joint cultivation. As the individual membership is not there no return is paid on this account and the profits are distributed in proportion to the work done by the members. Such societies are generally formed on Government land or land newly brought under cultivation. But this must not be confused with the collective farms of Soviet Union known as 'Kolkhozes'. No doubt, there are certain points of similarity but these cannot wipe out the chief difference. This consists in the fact that the cooperative is an association of free and autonomous economic units whereas the Kolkhoz consists of members who have lost their economic autonomy. The collective farms (kolkhozes) are a typical product of the Socialist reconstruction of Russia which came into existence under Lenin's Cooperation Plan. At present they are subject to government control and are working under the guidance of the communist party.
In the above mentioned four types of cooperative farming the 'service cooperative' can be added as the fifth category of cooperative farming society. In a service cooperative society the individual members maintain title of their land; management is done on an individual form on family basis; but marketing, supplies, credit, processing and other services are provided to members by the society.

Dr. Otto Schiller, Professor of Agricultural Economics, West Germany, has advocated for a new type of cooperative farming namely 'individual farming on cooperative lines for the speedy development of agriculture. The essence of individual farming on cooperative lines, may be described as follows: 'All functions, which cannot be executed in the limited boundaries of a single small farm, or are beyond the capacity of the small holder, such as planning including field arrangements and cropping scheme, the financing of investments, the keeping of large sized equipments, the wholesale supply and marketing etc., should be turned over to the cooperative society for improved individual farming. All other functions of farm management which can properly be executed within the boundaries of a single small farm should remain with the independent individual'.

Broadly speaking, all these types of cooperative farming societies

1 For details see Dr. Otto Schiller, Cooperative Farming and Individual Farming On Cooperative Lines, All-India Cooperation (Now National Cooperative Union of India), New Delhi, p. 17.
represent different degrees of cooperation. The farming societies like service cooperatives and better farming need lesser degree of cooperation than the joint farming and collective farming. However, collective farms of Russia are a category by themselves. They represent cooperation under controlled economy and Communist Party dictatorship. The concept of 'individual farming on cooperative lines' is a mid-way between the two existing extremes which in due course of time will lead to the development of cooperative joint farming in India.

The service cooperatives, cooperative better farming, tenant farming and 'Individual farming on cooperative lines' are not cooperative farming societies as they do not fulfil the fundamentals of a genuine cooperative farming society which consist of:

a) Pooling of land (and other resources) for joint management.

b) Joint managerial and manual work; and

c) Payment for work and resources pooled by the members.

For the purpose of this thesis, societies possessing the above three characteristics are taken as genuine cooperative farming societies.
PART - III

PERIOD OF RAPID DEVELOPMENT

INTRODUCTION

In the light of the recommendations of the Congress Agrarian Reforms Committee appointed in 1948 and experiences gained from the working of the existing societies the policy of encouraging formation of cooperative joint farming was introduced during the First Five Year Plan.

First Five-Year Plan:

In the First Five-Year Plan (1951-56) it was recognised that small holdings which are below the basic of the floor limit constitute one of the most difficult problems in the reorganisation of agriculture and if these holdings are grouped into larger units of operation through cooperative activity and the individual farming rationalised, the economies and advantages of large-scale organisation would become available to them. Larger financial resources for agricultural development can be provided and the volume of employment can be increased. Keeping these in view, the First Plan suggested that "small and middle farmers in particular should be encouraged and assisted to group themselves voluntarily into cooperative farming societies."

The Planning Commission recommended the general practice of cooperative farming in the following manner:

"While the controversy between voluntary and compulsory formation of cooperative farms may at this stage be avoided, it can be suggested that in any area where a majority of holders representing at least half of the total area under cultivation desire to establish a cooperative farm, legislative means should be at their disposal to proceed with the formation of a cooperative farming society for the whole village. The State on its part should do everything in its power to encourage the establishment of such farms and to promote their satisfactory working afterwards".¹

The objective put forth in the Plan was cooperative village management so that all the land, manpower and other resources of villages may be organised and developed for the benefit of the village community as a whole. As an immediate programme, both small and medium-farms are to be encouraged and assisted to group themselves voluntarily into cooperative farming societies. Gradually as cooperative farming will develop, the entire area of the village, both cultivated and uncultivated will be brought within the cooperative fold and managed as if it was a single farm.

Accordingly planned experiments were recommended during the First

¹ First Five Year Plan, p. 167.
Plan with a view to evolving suitable methods and techniques of cooperative farming under Indian conditions. State Governments were requested later to draw up phased programmes for cooperative farming. But little action was taken in these directions. In most States there were groups of individuals who joined together to form a cooperative farming society. A few of these societies have been successful, but many of them have experienced practical difficulties for which they have not always been able to secure the necessary guidance. The result was that after a time efforts which begin with enthusiasm are given up as failures.

After the experience of First Five Year Plan, the Planning Commission appointed a committee to study in greater detail the methods adopted in China for developing agrarian cooperatives. The Report of the Indian delegation to China on agrarian cooperatives (1957) recommended as follows:

a) A well laid demonstration programme of cooperative farming societies should be worked out with the object of having at least one society in every group of 50 villages in the next four years. This would mean roughly about 10,000 societies.

b) An effort should be made to organise as many societies as may be possible in community project area and the national extension blocks which have been in existence for 2 years.
c) The principle of voluntariness should be scrupulously adhered to. A person should be free to leave a cooperative society whenever he chooses to do so, but this should be permissible at the end of a season.

d) Wherever a sizable area of Government land is available in which rights have not accrued to individual peasants, it should be settled with cooperatives consisting of landless agricultural workers for cooperative farming. Small owners and tenants should also be admitted to these cooperatives wherever they agree to pool their lands.

e) A quick survey of the existing societies may be undertaken so that only the genuine societies are retained and are properly helped to serve as useful demonstration centres. The suggestions made by the Delegation regarding State assistance, internal organisation and management, etc. should be tried out in the first instance in these societies so that experience may be gained immediately and suitable techniques and methods evolved.¹


Note: a) This Committee was in favour of cooperative farming in which land is pooled together and used jointly under a well planned programme without effecting the rights of individual members on land.

b) Two members of the Delegation submitted their note of dissent. The leader of the Delegation made his observations over the note of dissent in order to clarify the stand of majority of the group in favour of cooperative farming.
Appraisal of Progress During First Period:

The targets were achieved in the organisation of societies during First Plan because of the exemption of non-cultivating members of the cooperative societies from the application of certain provisions of the tenancy legislation¹ and policy of the Government in respect of leasing out agricultural waste land to cooperative farming societies. However, out of 1937 cooperative farming societies organised during First Plan 400 were located in Bombay, 269 in Punjab, 168 in Uttar Pradesh and the rest in Rajasthan and West Bengal. Most of the State Governments could not proceed beyond the stage of drawing up by laws etc. and the amount of Rs. 40 lakh provided during the Plan remained unutilised. In many cases these societies have led to evasion of tenancy legislation so that the members could engage themselves in activities other than farming.² Moreover, during this period all the four types of cooperative farming societies were encouraged. Under these conditions the Second Five Year Plan made a further headway in the organisation of these societies.

SECOND FIVE YEAR PLAN

By the time the Second Five Year Plan was drafted sufficient experience was gained in organising societies and making assessment of the problem involved in it.


The Second Five Year Plan laid down the task of providing a sound foundations for the development of cooperative farming so that over a period of 10 years or so a substantial portion of agricultural land is cultivated on cooperative lines. The following action was recommended in the Second Plan to achieve the aim:

1. In each district and later in each national extension and community project area experimental or pilot projects in cooperative farming should be undertaken with a view to evolving better methods of management and organisation. These centres should be developed into practical training centres for cooperative, agricultural and other extension workers.

2. As far as possible, surplus areas which become available on the imposition of ceilings on agricultural holdings should be settled along cooperative lines.

3. Farms smaller than the prescribed basic holding should be brought into cooperatives to which surplus lands are allotted, provided their owners agree to pool their lands. When consolidating holdings, lands belonging to persons with very small holdings should be located as near as possible to the pooled lands, so that those cultivators who may not joint cooperative farms immediately may find it convenient to do it so at a later stage.

4. Special attention should be given to existing cooperative farming...

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1 Second Five Year Plan, p. 201.
2 For details see: Second Five Year Plan.
societies, many of which are functioning indifferently, and steps should be taken to put as many of them as possible into good condition, so that their success may serve as an incentive to others to form cooperative farming societies.

5. Groups of persons should be encouraged to form cooperative farming societies. These cooperative farming societies should be provided with technical and financial help for starting cottage industries, dairy farming and horticulture so that the cooperatives may be in a position to provide non-agricultural employment to their members and others associated with them.

6. In tribal areas, where communal ownership is still the common practice, as settled cultivation is introduced, steps should be taken to develop agriculture on cooperative lines.

7. An extensive programme for training in cooperative farming should be organised.

The Indian National Congress, considered the question of future agrarian policy and discussed the place of cooperative farming in India. The Congress gave a serious thought to the problem which resulted in a clear cut policy on cooperative farming. From here begins the scientific development of cooperative joint farming in India.

In January 1959, the Nagpur Resolution of the Indian National Congress defined the role of cooperative farming in the country as follows:
"The future agrarian pattern should be that of cooperative joint farming in which the land will be pooled for joint cultivation, the farmers continuing to retain their property rights and getting a share from the net produce in proportion to their land. Further, those who actually work on the land whether they own the land or not, will get a share in proportion to the work put in by them on the joint farm.

"As a first step, prior to the institution of joint farming service cooperatives should be organised throughout the country. This stage should be completed within a period of three years. Even within this period, however, wherever possible and generally agreed to by the farmers, joint-cultivation may be started."

Therefore, in March 1959, the Lok Sabha adopted the following resolution:

"This House recommends that during the next three years every possible effort should be made to organise service cooperatives all over the country and to develop the spirit of cooperation in general so that cooperative farms may be set up voluntarily by the people concerned wherever conditions are mature."

During discussions in the Lok Sabha, Shri Jawaharlal Nehru further emphasised the voluntary character of cooperative farming and stated:
"I shall go from field to field and peasant to peasant begging them to agree to it. Knowing that if they do not agree, I cannot put it in operation."

After the passing of the Nagpur Resolution and its approval by the National Development Council the Planning Commission and the Ministry of Community Development and Cooperation (Department of Cooperation) took up the work of organising cooperative joint farming societies enthusiastically. A working group was also appointed by the Government of India in 1959 to help in the formulation of an action programme on cooperative joint farming. The group came to the conclusion that there is ample scope for the development of cooperative farms and made some recommendation (see Appendix 'C') which were more or less the same as already pursued during the Plan. In 1960 the Ministry of Community Development and Cooperation indicated to the State Government the pattern of organisation, assistance etc., of cooperative joint farming societies (Appendix D). It indicates that provisions were made in the Plan for providing financial, technical, managerial help to the societies for their rapid growth. No doubt, the desired results were achieved. The number of societies increased from about 2,000 cooperative farming societies functioning in different parts of the country at the commencement of the Second Five Year Plan to 5,409 in 1960 (see Table 2). However, no specific provisions were made for organising only cooperative joint farming and collective farming societies. As a result of it societies
<table>
<thead>
<tr>
<th>S.No.</th>
<th>States/UT</th>
<th>Name</th>
<th>No. of Coop. Farming Societies as on 30.6.1960</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Pradesh</td>
<td>11 13 -</td>
<td>986 1,010</td>
<td>included 42 land colonisation societies and 944 tenants and field</td>
</tr>
<tr>
<td>2</td>
<td>Assam</td>
<td>39 160 1</td>
<td>54 254</td>
<td>labourers cooperative societies</td>
</tr>
<tr>
<td>3</td>
<td>Bihar</td>
<td>147 - 2</td>
<td>56 199</td>
<td>(S)</td>
</tr>
<tr>
<td>4</td>
<td>Gujarat</td>
<td>22 155 56</td>
<td>184 377</td>
<td>(S)</td>
</tr>
<tr>
<td>5</td>
<td>Jammu &amp; Kashmir</td>
<td>- 4 -</td>
<td>- 4</td>
<td>These are Servodaya Sahyog Sanitis organised on the lands donated only</td>
</tr>
<tr>
<td>6</td>
<td>Kerala</td>
<td>77 8 36</td>
<td>2 123</td>
<td>by Bhooman Yajna Committee</td>
</tr>
<tr>
<td>7</td>
<td>Madhya Pradesh</td>
<td>59 133 326</td>
<td>11 529</td>
<td>(S)</td>
</tr>
<tr>
<td>8</td>
<td>Madras</td>
<td>13 2 11</td>
<td>143 169</td>
<td>(S)</td>
</tr>
<tr>
<td>9</td>
<td>Maharashtra</td>
<td>99 194 46</td>
<td>44 383</td>
<td>(S)</td>
</tr>
<tr>
<td>10</td>
<td>Mysore</td>
<td>20 20 47</td>
<td>54 147</td>
<td>(S)</td>
</tr>
<tr>
<td>11</td>
<td>Orissa</td>
<td>22 4 -</td>
<td>3 29</td>
<td>(S)</td>
</tr>
<tr>
<td>12</td>
<td>Punjab</td>
<td>613 30 144</td>
<td>30 617</td>
<td>(S)</td>
</tr>
<tr>
<td>13</td>
<td>Rajasthan</td>
<td>116 103 21</td>
<td>439 679</td>
<td>(S)</td>
</tr>
<tr>
<td>14</td>
<td>Uttar Pradesh</td>
<td>299 19 69</td>
<td>1 408</td>
<td>(S)</td>
</tr>
<tr>
<td>15</td>
<td>West Bengal</td>
<td>40 43 116</td>
<td>4 203</td>
<td>(S)</td>
</tr>
</tbody>
</table>

**UNION TERRITORIES**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name</th>
<th>No. of Coop. Farming Societies as on 30.6.1960</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andaman &amp; Nicobar Islands</td>
<td>5 - -</td>
<td>- 5</td>
</tr>
<tr>
<td>2</td>
<td>Delhi</td>
<td>14 10 1</td>
<td>3 28</td>
</tr>
<tr>
<td>3</td>
<td>Himachal Pradesh</td>
<td>- - 7</td>
<td>- 7</td>
</tr>
<tr>
<td>4</td>
<td>Manipur</td>
<td>1 11 -</td>
<td>4 16</td>
</tr>
<tr>
<td>5</td>
<td>Laccadive, Minicoy &amp; Aminidi Islands</td>
<td>- - -</td>
<td>- -</td>
</tr>
<tr>
<td>6</td>
<td>Pondicherry</td>
<td>- - -</td>
<td>- -</td>
</tr>
<tr>
<td>7</td>
<td>Tripura</td>
<td>- 3 17</td>
<td>2 22</td>
</tr>
</tbody>
</table>

**TOTAL** 1,597 878 962 1,972 5,493

other than these also increased from year to year and enjoyed the facilities which should not have gone to them. This necessitated revision in the policy and a clear cut criteria for a cooperative farming society which may be eligible for financial help under this scheme. It was done, under the Third Five Year Plan.

THIRD FIVE YEAR PLAN

A detailed programme for the development of cooperative farming was formulated for the first time in the Third Plan. The Plan provided for the organisation of 318 pilot projects, one in each district, comprising in all 3,180 cooperative farming societies and for support and encouragement for cooperative farming societies which might come up voluntarily through local initiative. In order to boost up the programme of organising cooperative farming societies in pilot areas the Central Government\(^1\) announced the programme of providing assistance and its sharing between Centre and State. These finances were made available during the Third Plan.

Moreover, finances were provided as Central Assistance for cooperative farming societies in non-pilot areas outside the State Plan ceilings. Consequently the number of societies shot up in pilot areas but some of the States preferred organisation of non-pilot societies

\(^1\) Vide Letter No. F.3-6/60.C.F., dated June 17, 1961, issued by the Ministry of Community Development and Cooperation (Department of Cooperation), (Cooperative Policy and Programme, Important letters and Schemes, Part II, NCUI, New Delhi, 1964), p. 44.
to those in pilot areas. With a view to discourage this tendency the Conference of State Ministers of Cooperation held at Lucknow in February 1963 recommended:

"The present distinction between non-pilot and pilot societies should be done away with and the two programmes should be treated alike. Government should participate in the share capital of non-pilot societies also and for the purpose additional funds should be made available. If that was not possible, it should be done by re-adjustments of the targets."

To implement the recommendation of the conference the Planning Commission revised the financial pattern. (See Appendix 'F')

Moreover, provisions were made for providing finances for the construction of godown-cum-cattle shed. Later on it was decided that an amount of Rs. 3,750 out of the amount of Rs. 5,000.00 originally provided for the godown-cum-cattle shed may be allowed to be divided for land development by the State Governments on certain conditions provided satisfactory arrangements are made for storage of produce for keeping the cattle (see Appendix 'F').


In a few States, the cooperative farming programme had a good response, e.g., Punjab, Uttar Pradesh, Maharashtra, Rajasthan, Madhya Pradesh and Kerala. By the end of December 1965, 2,465 societies in the pilot areas covering 2,64,245 acres and 2,527 societies in non-pilot areas covering 2,89,840 acres were organised.  

On the recommendations of State Ministers' Conference the revised pattern of assistance came into practice during the Third Five Year Plan which was made effective from the year 1963-64. The main object of the revised pattern of assistance was to provide greater emphasis on the organisation of cooperative farming societies in the pilot areas.

In brief, a number of measures were taken during the Third Plan to accelerate the tempo of organising cooperative farming societies, on the principles which lay behind the proposals of the working groups. For example, finances were provided, legislative measures were taken, continuous guidance was made available, incentives for organising societies in Bhoodan and Gramdan villages were provided, arrangements were made for training in cooperative farming and publicity work was intensified. Moreover, in 1963, it was suggested that development of agro-industries should be included in the production plan formulated by the cooperative farming societies. But the programme of organising societies (Pilot project) could not be achieved in a number of States as is evident from

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1 Fourth Five Year Plan (Draft Outline), p. 143.

2 Cooperative Policy and Programmes, Important Letters and Schemes relating to cooperative development, Part II, NCUI, New Delhi, 1964, p. 35.
### TABLE 20.

**Cooperative Farming Societies In Pilot and Non-pilot Areas In the III Plan**

(Progress upto 31st March, 1966)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name of State</th>
<th>Programme</th>
<th>Pilot</th>
<th>Non-Pilot</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>for pilots</td>
<td>Member Area (in ship acres)</td>
<td>Member Area (in ship acres)</td>
</tr>
<tr>
<td>1</td>
<td>Andhra Pradesh</td>
<td>200</td>
<td>11,589</td>
<td>9,521</td>
</tr>
<tr>
<td>2</td>
<td>Assam</td>
<td>110</td>
<td>2,072</td>
<td>1,168</td>
</tr>
<tr>
<td>3</td>
<td>Bihar</td>
<td>250</td>
<td>933</td>
<td>1,881</td>
</tr>
<tr>
<td>4</td>
<td>Gujarat</td>
<td>250</td>
<td>1,103</td>
<td>14,305</td>
</tr>
<tr>
<td>5</td>
<td>Kerala</td>
<td>90</td>
<td>2,432</td>
<td>2,937</td>
</tr>
<tr>
<td>6</td>
<td>Jammu &amp; Kashmir</td>
<td>80</td>
<td>351</td>
<td>1,514</td>
</tr>
<tr>
<td>7</td>
<td>Madhy Pradesh</td>
<td>300</td>
<td>4,082</td>
<td>34,658</td>
</tr>
<tr>
<td>8</td>
<td>Madras</td>
<td>120</td>
<td>1,387</td>
<td>1,347</td>
</tr>
<tr>
<td>9</td>
<td>Maharashtra</td>
<td>300</td>
<td>4,040</td>
<td>27,918</td>
</tr>
<tr>
<td>10</td>
<td>Mysore</td>
<td>190</td>
<td>6,465</td>
<td>33,856</td>
</tr>
<tr>
<td>11</td>
<td>Orissa</td>
<td>130</td>
<td>1,347</td>
<td>3,876</td>
</tr>
<tr>
<td>12</td>
<td>Punjab</td>
<td>200</td>
<td>5,478</td>
<td>40,905</td>
</tr>
<tr>
<td>13</td>
<td>Rajasthan</td>
<td>300</td>
<td>2,445</td>
<td>34,091</td>
</tr>
<tr>
<td>14</td>
<td>Uttar Pradesh</td>
<td>450</td>
<td>10,516</td>
<td>50,455</td>
</tr>
<tr>
<td>15</td>
<td>West Bengal</td>
<td>160</td>
<td>1,909</td>
<td>3,196</td>
</tr>
</tbody>
</table>

**Union Territories**

<table>
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<tr>
<th>S.No.</th>
<th>Delhi</th>
<th>Himachal Pradesh</th>
<th>Manipur</th>
<th>Tripura</th>
<th>Pondicherry</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>10</td>
<td>17</td>
<td>17</td>
<td>105</td>
<td>24</td>
</tr>
<tr>
<td>17</td>
<td>10</td>
<td>8</td>
<td>24</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>18</td>
<td>10</td>
<td>2</td>
<td>1</td>
<td>105</td>
<td>2</td>
</tr>
<tr>
<td>19</td>
<td>100</td>
<td>50</td>
<td>849</td>
<td>1,874</td>
<td>112</td>
</tr>
<tr>
<td>20</td>
<td>10</td>
<td>2</td>
<td>112</td>
<td>109</td>
<td>2</td>
</tr>
</tbody>
</table>

| Total | 3,180 | 2,749 | 57,364 | 2,77482 | 2,752 | 61,471 | 3,06,286.00 |

*SOURCE:* Agenda, item No.2, Report of Progress during the Third Plan, submitted to the 10th meeting of the Executive Committee of the National Cooperative Advisory Board, held on 28 December, 1966 (cyclostyled material, NCAD, Ministry of Community Development and Cooperation, Government of India, New Delhi).
The above table indicates that the number of pilot societies, their membership and the area pooled was less in comparison to non-pilot societies. Moreover, the progress was unsatisfactory in a number of States. But in view of the fact that the programme is in its infancy, it is not expected of it to have any impact on the economy of the country. However, it is essential to make a correct foundation for future development. The Fourth Plan has taken into consideration the problems faced by these societies as pointed out by the Committee of Direction on cooperative farming.

FOURTH FIVE YEAR PLAN

The Plan has stressed the role of cooperative farming in the reconstruction of the rural economy. It has been suggested that the programme of cooperative farming should not get isolated from the mainstream of agricultural development and should be looked upon as an important element in schemes for achieving new advances in agriculture. During Fourth Plan efforts are being made to promote cooperative farming as one of the important means of assistance to poorer sections of the farming community. The Plan says that 'apart from cooperative farming in the sense of pooling of land and joint cultivation there may be prospects for providing certain basic facilities, e.g., a common pumping set or a common tractor to group of cultivators to start with. As their activities grow, other functions can be added gradually and fully cooperative farming societies might come into existence as a result
of this process.  

Before implementing the cooperative farming programme during the Fourth Plan, the Committee of Direction appointed by the Government of India in 1963 under the Chairmanship of Professor D.R. Gadgil which recommended in its report submitted in 1965 that special attention must be paid to consolidation rather than expansion and that whatever expansion is aimed at should be based on purposive selection of areas in each State for starting intensive programmes. This has been taken into consideration. However, Planning Commission suggested that the objective in the Fourth Plan will be to cover an additional one million acres of land under the operation of cooperative farming societies. In other words the objective is for cooperative societies, both existing societies and societies to be started newly, to cover about 1.5 million acres of land at the end of the Fourth Plan.

To cover one million acres of land under cooperative farming about 10,000 new societies will have to be organised as the average under a society is about 100 acres. The phasing may be done as shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966-67</td>
<td>700</td>
</tr>
<tr>
<td>1967-68</td>
<td>1,500</td>
</tr>
<tr>
<td>1968-69</td>
<td>2,000</td>
</tr>
<tr>
<td>1969-70</td>
<td>2,500</td>
</tr>
<tr>
<td>1970-71</td>
<td>3,300</td>
</tr>
<tr>
<td>Total</td>
<td>10,000</td>
</tr>
</tbody>
</table>

* Vide letter No.19-5(2)65 Agriculture, Government of India, Planning Commission of November 1, 1966, addressed to the Chief Secretary to the Governments of the States/Union Territories.
1 Fourth Five Year Plan (A Draft Outline), p. 144.
2 For details see report of the Committee of Direction on Cooperative Farming, Government of India, Ministry of Community Development and Cooperation, 1965.
3 *ibid.*, p. 143.
The greatest emphasis during the plan is to provide assistance to the small and uneconomic holders. Moreover, it has been suggested to organise agro-industries as the capacity of cooperative farming societies to provide large employment has increased with the undertaking of programmes for land improvement and capital works and undertaking of allied activities such as dairying and sheep rearing and the development of non-farm occupations.

During the Fourth Plan, it would be necessary to intensify the programme in Government 'khas' and waste lands especially with landless labourers as members. The programme for resettlement of landless labourers should be integrated with the programme of cooperative farming as far as possible.

The pattern of assistance of cooperative farming in the Fourth Plan has also been changed. The Central Government provided 75 per cent loans in cases wherever expenditure is involved and likewise 75 per cent as grants where grant expenditure is involved. The total provision made for cooperative farming in the Fourth Plan (Draft Outline) is Rs. 18.00 crores in the Central sector and the State sector.

The pattern of assistance in the Fourth Plan is given in the following table (No. 22), including the pattern of assistance for State and district cooperative farming federations.

Tempt for the Year 1966-67:

The target of organising 700 new societies was originally fixed.
TABLE - 22

<table>
<thead>
<tr>
<th>ITEM</th>
<th>LOAN</th>
<th>GRANT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital (Joint &amp; Collective Farming Societies)</td>
<td>2,000</td>
<td>-</td>
<td>2,000</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Joint Farming</td>
<td>20,000</td>
<td>-</td>
<td>20,000*</td>
</tr>
<tr>
<td>b) Collective Farming</td>
<td>30,000</td>
<td>-</td>
<td>50,000**</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Godown-cum-cattle shed</td>
<td>3,750</td>
<td>1,250</td>
<td>5,000</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial Subsidy &amp; Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Joint Farming</td>
<td>-</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td>b) Collective Farming</td>
<td>-</td>
<td>2,100</td>
<td>2,100</td>
</tr>
<tr>
<td>c) State Federation</td>
<td>-</td>
<td>1,00,000</td>
<td>1,00,000</td>
</tr>
<tr>
<td>d) District Federation</td>
<td>1,00,000***</td>
<td>20,000</td>
<td>30,000</td>
</tr>
</tbody>
</table>

* At Rs. 100.00 per acre subject to a ceiling of Rs. 20,000.00 per society.
** At Rs. 150.00 per acre subject to a ceiling of Rs. 30,000.00 per society.
*** This is for setting up a workshop for serving tractors etc.


At first, a provision of Rs. 92 lakhs was made but due to economy the provisions have subsequently been reduced to Rs. 72 lakhs. The Statewise target and the progress so far made in respect of organisation of cooperative farming societies are given in table 23.

The Action Programme for 1967-68 provides directions for the organisation, technical guidance, financial assistance, training and education, publicity etc. for accelerating the programme. But in view
TABLE - 23

<table>
<thead>
<tr>
<th>No.</th>
<th>State/Region</th>
<th>Target for 1966-67</th>
<th>No. of Societies organised till Dec., 1966</th>
<th>No. of Societies organised till April 12, 1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Andhra Pradesh *</td>
<td>40</td>
<td>15</td>
<td>23</td>
</tr>
<tr>
<td>2</td>
<td>Assam **</td>
<td>30</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Bihar *</td>
<td>40</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Gujarat *</td>
<td>50</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>5</td>
<td>Jammu &amp; Kashmir **</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6</td>
<td>Kerala **</td>
<td>10</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Madhya Pradesh *</td>
<td>75</td>
<td>58</td>
<td>66</td>
</tr>
<tr>
<td>8</td>
<td>Madras *</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>Maharashtra *</td>
<td>130</td>
<td>53</td>
<td>80</td>
</tr>
<tr>
<td>10</td>
<td>Mysore *</td>
<td>50</td>
<td>24</td>
<td>18</td>
</tr>
<tr>
<td>11</td>
<td>Orissa **</td>
<td>47</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12</td>
<td>Punjab *</td>
<td>40</td>
<td>24</td>
<td>39</td>
</tr>
<tr>
<td>13</td>
<td>Rajasthan @</td>
<td>20</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>14</td>
<td>Uttar Pradesh @</td>
<td>50</td>
<td>27</td>
<td>49</td>
</tr>
<tr>
<td>15</td>
<td>West Bengal @</td>
<td>35</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>16</td>
<td>Delhi</td>
<td>1</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>17</td>
<td>Uttar Pradesh</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total:** 617 212 332

**SOURCE:** Tenth meeting of the Executive Committee of the National Cooperative Farming Advisory Board—Agenda Papers (Cyclostyled) P. 44.

...of the progress made so far, the targets are not likely to be achieved. It indicates that the programme has not properly been implemented and small cultivators are sceptical about it.

* Reports received up to January, 1967.
** Reports received up to December, 1966.
@ Reports received up to October, 1966.
In the ultimate analysis on cooperative farming in India it is evident that we have not followed a well defined pattern of cooperative farming suitable for the economic and social development of the country. Our cooperative farming societies have also not implemented the necessary changes as recommended by various expert committees including the Working Group appointed by the Government of India in 1959. The Third Plan laid emphasis on the development of agro-industries as a means of supplementing the income of cooperative farm workers but no organised programme for the development of cottage and small-scale industries was undertaken up to 1963. Even after 1963 the State Governments did not fully participate in the programme for the development of these industries. No specific finances were made available for the development of rural industries under cooperative farming programme. The Fourth Plan, however, appears to be more specific for establishing the agro-industries. This is a redeeming feature which would lay the formation of the 'genuine cooperative' joint farming societies and shall develop the agro-industries.

The next chapter is therefore devoted to examine the problems and prospects of cooperative farming in Uttar Pradesh.